



Commonwealth of Massachusetts



Instructions to Apply for Authority to Sell Private Passenger Automobile Insurance in Massachusetts

A Guide for Insurance Companies

*Instructions to Apply for Authority
to Sell Private Passenger Automobile
Insurance in Massachusetts: A Guide
for Insurance Companies*

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For additional copies of this guide,
please call the Merit Rating Board at
617-351-9618 or go to [www.mass.gov/
mrb](http://www.mass.gov/mrb) to download a PDF version.



Commonwealth of Massachusetts

Welcome to the Massachusetts competitive private passenger automobile insurance market. The following information is designed to guide automobile insurance companies through the process of obtaining a license to sell private passenger automobile insurance in the Commonwealth. The steps outlined below provide an overview of the process. Following the steps is a description of the various agencies and organizations involved in licensing and regulating the Commonwealth's private passenger automobile insurance industry. *While this guide is intended to be comprehensive, insurers are advised nevertheless to contact each agency or organization to make certain that all requirements are met.*

Procedure for Obtaining a License

- 1 Complete a UCAA Application.** The Division of Insurance (DOI) accepts the Uniform Certificate of Authority Expansion Application for those companies seeking to amend their license to include the license designations needed to sell private passenger automobile insurance in Massachusetts. The UCAA applications are available at http://www.naic.org/industry_ucaa.htm.
- 2 Send the completed application to:**

Robert Macullar
Division of Insurance
One South Station, 5th Floor
Boston, MA 02110
Phone: 617-521-7398
Email: Robert.Macullar@state.ma.us

All questions regarding the application should be directed to Robert Macullar. Once the application has been submitted, it is assigned to an analyst to review.
- 3 After the UCAA Application has been reviewed, the DOI may grant an initial approval.** The applicant company will receive notification in writing of the initial approval, along with instructions to complete the following items:
 - Submit original documentation of advertisement in two insurance industry publications for two consecutive issues.
 - New license applicants will be required to make a special deposit totaling \$100,000 confirmed by the Massachusetts Treasurer and Receiver General.
 - Submit a properly executed Power of Attorney. The DOI will provide the correct form with the letter of initial approval.
 - Submit a properly executed Declaration and Agreement. The DOI will provide the correct form with the letter of initial approval.

- Obtain membership in *Commonwealth Automobile Reinsurers (CAR)*. All companies licensed for any of the following designations must obtain membership in CAR: ocean and inland marine (2A), inland marine only (2B), automobile liability (6G), glass (7), or comprehensive motor vehicle and aircraft (54C). Once the company is appropriately licensed in Massachusetts, CAR will issue a 3-digit number for data reporting.

Contact Information:

John Metcalfe
Sr. Director, Residual Market Services
225 Franklin Street, 13th Floor
Boston, MA 02110
Phone: 617-880-7291
Email: jmetcalfe@commauto.com
Website: www.commauto.com

- Join the *Massachusetts Insurers Insolvency Fund*. This applies to all kinds of direct insurance, with the following exceptions: life, accident and health, title, surety, disability, credit, mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks, insurance of warranties of any type of service contracts, and ocean marine insurance.

Contact Information:

Massachusetts Insurers Insolvency Fund
One Bowdoin Square, Floor #2
Boston, MA 02114
Phone: 617-227-7020

- Submit the correct company license fee. This fee usually is \$250, but may be \$279, depending on the other license designations on the company license. The DOI will specify which license fee a company must submit. The check should be made payable to *Commonwealth of Massachusetts, Division of Insurance*. Indicate on the check stub the name of the company for which the payment is made and that it is for the issuance of a new license to a company.

4 Contact the Registry of Motor Vehicles Registration Department.

Contact Information:

RMV Registration Manager
Registry of Motor Vehicles
Phone: 617-351-9542
Email: Elizabeth.Rizzuto@state.ma.us

Massachusetts statute (Chapter 175, Section 113A of the General Laws) requires that all registered vehicles be insured. Consequently, the Registry of Motor Vehicles (RMV) must affirm insurance coverage prior to issuing or renewing a registration. Insurance companies provide proof of an individual's or corporation's insurance coverage with a company-specific insurance stamp that indicates the dates of policy coverage and the signature of the insurance company's agent or representative on RMV registration forms.

- The Registration Department will provide specific guidelines related to insurance stamps and registration

policies and procedures. Insurance companies have the option of using a rubber stamp or an electronic insurance stamp (an option that will be available in late September 2008).

- The Registration Department will notify the RMV's Uninsured Motorist System (UMS) Department about the applicant company's recent approval to provide automobile insurance in Massachusetts. The UMS Department will then send out an informational packet with required forms that must be completed and returned, general procedural information that describes the availability of both batch and online access requirements, and UMS program guidelines. Questions about the information in this packet should be directed to the UMS Department of the Registry of Motor Vehicles at 617-973-8490.
- UMS processing is done via a batch FTP process. New companies are required to test their batch process prior to implementation. Insurers ready to test their batch FTP process with the RMV should contact:

Patricia Bennett
IS Security Department
Registry of Motor Vehicles
Phone: 617-351-9518.
- All private and commercial automobile insurance policies must be reported electronically to the RMV via batch FTP process. New policies must be reported within twenty-three days of the policy effective date. Existing policies must

be reported ninety days prior to either renewal or cancellation.

- New insurers may request access to online screens. The UMS informational packet has information pertaining to the different online access methods (VPN, guest software via AT&T Global, or contracting a service provider that runs guest software). To request online access, send a written request on company letterhead, along with the completed forms from the UMS informational packet, to:

UMS Department
Registry of Motor Vehicles
P.O. Box 55889
Boston, MA 02205

- To find out more about how insurance companies report electronically to the RMV, visit:
www.mass.gov/rmv/ums.



The UMS enables insurance companies to perform transactions that include cancellations, reinstatements, new business, and registration and license inquiries.



The Merit Rating Board maintains a comprehensive database of traffic law violations and automobile insurance claim records for all operators licensed in Massachusetts.

5 Contact the Merit Rating Board.

Regulation 211 CMR 134.00 requires all insurance companies writing private passenger automobile insurance in Massachusetts to report auto insurance claims and out-of-state driving records to the Merit Rating Board (MRB). Insurers report this data via the MRB's Internet FTP site. Insurers may also use the MRB's FTP site to obtain operator driving history records.

- Insurance companies must register by notifying the Merit Rating Board in writing of the insurer's designation of an Insurance Company Merit Rating Board Liaison. The Liaison will be the primary contact representing the insurance company.
- The Insurance Company MRB Liaison is responsible for obtaining the required password for data transfer between the insurer and the Merit Rating Board. The Liaison

must complete the MRB Internet FTP Site Username and Password Application Form.

Contact Information:

Donna Brennan

Phone: 617-351-9618

Email: Donna.Brennan@state.ma.us

Website: www.mass.gov/mrb

6 Contact the Automobile Insurers

Bureau (AIB). The AIB administers the Detail Claims Database (DCD), a record of key information on closed automobile injury claims. All insurers with claims against Massachusetts commercial and private passenger automobile policies must report specific claim data to the DCD on a monthly or quarterly basis. For reporting requirements, contact:

Andrew J. Dempsey, CPCU
Senior Member Services Coordinator
AIB of Massachusetts
101 Arch Street
Boston, MA 02110
Phone: (617) 439-4542, x706
Email: ADempsey@aib.org
Website: www.aib.org

7 Contact the Insurance Fraud Bureau

(IFB). The IFB investigates fraudulent insurance transactions and prepares cases for criminal prosecution. For insurance fraud reporting requirements and for information on fraud training in Massachusetts, contact:

Deborah Terry
Phone: (617) 439-0439, x630
Email: dterry@ifb.org

Organizations and State Agencies Involved in Licensing and Regulation

Insurance companies entering the Massachusetts private passenger automobile insurance market will become familiar with various organizations and state agencies. Some of these organizations and agencies and their role in licensing and regulating private passenger automobile insurance in the Commonwealth are described below.

The Division of Insurance (DOI) administers the laws of the Commonwealth of Massachusetts as they pertain to the protection of the insurance consumer through the regulation of the insurance industry. The DOI monitors financial solvency, licenses insurance companies and producers, reviews and approves rates



The Division of Insurance (DOI) is located in Boston's South Station.

and forms, and coordinates the takeover and liquidation of insolvent insurance companies and the rehabilitation of financially troubled companies. The DOI also investigates and enforces state laws and regulations pertaining to insurance and responds to consumer inquiries and complaints.

Commonwealth Automobile Reinsurers (CAR) is the industry operated residual market and statistical agent for motor vehicle insurance in the Commonwealth of Massachusetts. In its role as the administrator of the residual market, CAR provides access to private passenger and commercial motor vehicle liability and physical damage insurance to that segment of the state's motoring public that is unable to obtain automobile coverage through the voluntary market. As the statistical agent, CAR collects, edits, and processes Massachusetts private passenger and commercial automobile premium and loss statistics.

Every company that is licensed to write motor vehicle insurance in Massachusetts is required to become a member of CAR. Companies that actively write

motor vehicle insurance will be required to participate in the residual market pool for the line of business in which they write. Participation specifics differ depending on the line of business, private passenger or commercial automobile, in which they write.

In its role as statistical agent, CAR collects, edits, and processes Massachusetts private passenger and commercial automobile premium and loss statistics. Actively writing Massachusetts automobile insurers must report statistical information to CAR. CAR provides this data to the Automobile Insurers Bureau of Massachusetts, the Merit Rating Board, and the Highway Loss Data Institute. These organizations use this data for informational purposes, for statistical analyses, and in the rate-making process.

To verify accuracy and completeness of its statistical database, CAR reconciles reported statistical data to company financial statements and performs an analysis that compares each company's distribution of data to the industry's distribution.

The Registry of Motor Vehicles (RMV) is the agency responsible for driver licenses, vehicle registrations and titling processes, and enforcing vehicle safety. The RMV also is re-

sponsible for the administration of the Uninsured Motorist System (UMS).

The UMS is part of the Automated License and Registration System (ALARS). ALARS consists of multiple components, including licensing, registration, title, suspensions, accident records, inspection maintenance, non-renewal, policy information, and Merit Rating Board information.

The UMS is intended for use by the insurance industry and allows for electronic processing via batch FTP processing and/or online screens of private and commercial insurance policies. UMS enables insurance companies to perform transactions that include cancellations, reinstatements, new business, renewals, amendments, and clear unpaid dollar amounts. In addition,



The UMS enables the Registry of Motor Vehicles to verify that Massachusetts drivers have motor vehicle insurance.

informational inquiries can be performed on registration, license and title information, customer address information, as well as Merit Rating Board information related to the Safe Driver Insurance Plan.

The Merit Rating Board (MRB)

maintains a comprehensive database of traffic law violations and auto insurance claim records for all Massachusetts licensed operators. Insurers are provided unlimited access to the MRB's extensive database via an FTP Internet site batch inquiry process, enabling them to access a large volume of information quickly and efficiently.

The same process is employed for insurers who must obtain driving history records from the MRB for all MAIP policies. MAIP, or the Massachusetts Automobile Insurance Plan, provides private passenger motor vehicle insurance to eligible risks who are unable to obtain such insurance through the voluntary market.

To ensure that the MRB's database remains accurate and complete, insurers are required to report auto insurance claims records, regardless of accident location, and out-of-state driving records to the MRB, in compliance with Regulation 211 CMR 134.00.

The Automobile Insurers Bureau of Massachusetts (AIB)

is licensed by the Massachusetts Commissioner of Insurance to act as a rating organization for automobile insurance under the provisions of Massachusetts General Law Chapter 175A. The AIB is an insurer-sponsored organization that represents the insurance industry in matters relating to private passenger and commercial automobile insurance by working with state regulators and making advisory filing on rates, policy forms, endorsements, and rules on behalf of authorizing members.

The AIB also administers the Detail Claim Database (DCD), which is a unique collection of key information on closed automobile injury claims. All insurers with claims against Massachusetts commercial and private passenger automobile policies are required to report specific claim data to the DCD on a monthly or quarterly basis. Submissions of claim data are accepted via FTP, CD, and diskette. AIB member companies may have access to all DCD claim detail through internet and batch inquiries on claimants and insureds, as well as summarized and detailed reports on injuries, treatment providers, payments, and claim handling practices used in ordinary claim handling and the investigation of suspicious claims.

The Insurance Fraud Bureau (IFB) is an investigative agency authorized by an act of the Massachusetts legislature and dedicated to the investigation of fraudulent insurance transactions and the preparation of cases for criminal prosecution. The IFB is wholly funded by the insurance industry, and its staff works with the insurers' claim and investigative personnel and local, state, and federal law enforcement agencies in the prevention, investigation, and prosecution of fraudulent insurance activity.

Contact Information:

Insurance Fraud Bureau
101 Arch Street
Boston, MA 02110-1131
Phone: (617) 439-0439
Fax: (617) 439-0404
Web site: <http://www.ifb.org>

Massachusetts Insurers Insolvency

Fund, created by Massachusetts statute (Chapter 175D, Section 3 of the General Laws), is a nonprofit, unincorporated legal entity consisting of all insurers writing liability and property insurance in the Commonwealth. It is available to settle up to \$300,000 per claim that arises from an insurance policy issued by an insolvent insurer. The Fund's obligations and expenses are met by mandatory contributions by all liability and property insurers who write insurance in Massachusetts.

The Fund's powers are exercised through a board of directors.

Contact Information:

Massachusetts Insurers Insolvency Fund
One Bowdoin Square, Floor #2
Boston, MA 02114
Phone: 617-227-7020

CHECKLIST FOR COMPLETING MASSACHUSETTS LICENSING REQUIREMENTS

- ☐ **Complete a UCAA Application and send it to the Division of Insurance.**
- ☐ Submit original documentation of advertisement in two insurance industry publications.
- ☐ Make a deposit of \$100,000, confirmed by the Massachusetts Treasurer and Receiver General.
- ☐ Submit a properly executed Power of Attorney.
- ☐ Submit a properly executed Declaration and Agreement.
- ☐ Obtain membership in Commonwealth Automobile Reinsurers.
- ☐ Join the Massachusetts Insurers Insolvency Fund.
- ☐ Submit the correct company license fee.
- ☐ **Contact the Registry of Motor Vehicles Registration Department to:**
- ☐ Obtain stamp specifications and registration policies and procedures.
- ☐ Obtain the UMS Department informational packet; complete and return required forms.
- ☐ Test batch FTP process prior to implementation.
- ☐ **Register with the Merit Rating Board by designating an MRB Liaison.**
- ☐ Complete the MRB Internet FTP Site Username and Password Application Form.
- ☐ **Contact the Automobile Insurers Bureau (AIB) for reporting requirements.**
- ☐ **Contact the Insurance Fraud Bureau (IFB) for reporting requirements.**



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